

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into the operation of interruptible load programs offered by Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company and the effect of these programs on energy prices, other demand responsiveness programs, and the reliability of the electric system.

Rulemaking 00-10-002
(Filed October 5, 2000)

Phase 2

**ADMINISTRATIVE LAW JUDGE'S RULING
ON CCPCFA LETTER AND PROPOSALS**

By letter to Commissioner Wood dated October 30, 2001 (copy attached), the California Consumer Power and Conservation Financing Authority (CCPCFA) submits comments on interruptible load programs. In particular, CCPCFA urges the Commission to create a program using load aggregator services to secure interruptible load, thereby offsetting the need for additional peaking resources.

I propose that this letter be made part of the formal record. Parties may comment on this in pleadings due November 9 and November 16, 2001. Further, parties are invited to comment on any and all proposals in CCPCFA's October 30, 2001 letter. Parties should include these comments in pleadings due November 9 and November 16, 2001.

IT IS RULED that parties may comment on whether or not the October 30, 2001 letter from the California Consumer Power and Conservation Financing Authority (CCPCFA) should be made part of the formal record in this

proceeding. Those comments shall be included in pleadings due on November 9, 2001 and November 16, 2001. Further, parties may comment on any and all proposals made in CCPCFA's October 30, 2001 letter. Those comments shall be included in pleadings due on November 9, 2001 and November 16, 2001.

Dated November 5, 2001, at San Francisco, California.

/s/ BURTON W. MATTSON

Burton W. Mattson
Administrative Law Judge

STATE OF CALIFORNIA
CONSUMER POWER AND CONSERVATION
FINANCING AUTHORITY



October 30, 2001

Carl Wood, Commissioner
California Public Utilities Commission
505 Van Ness Ave. Room 5200
San Francisco, CA 94102

(Via Facsimile and First Class Mail)

RE: R.00-10-002

Dear Commissioner Wood:

On behalf of the California Consumer Power and Conservation Financing Authority, enclosed you will find brief comments on the PUC's proposed capacity payment interruptible load program. Please consider these comments in your deliberation on this important matter. I look forward to meeting and working with you on this issue.

Sincerely,

A handwritten signature in black ink that reads "Laura R. Doll".

LAURA R. DOLL
Chief Executive Officer

Enclosure

901 "P" Street, Suite 142A, Sacramento, California 95814
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CPUC Proposed Capacity Payment **Interruptible Load Program**

In the past, the California Public Utilities Commission (CPUC) had an interruptible program that gave a permanent year round rate reduction to a customer in exchange for the right to interrupt the customer's load on short notice for a specified number of hours. Historically, this program provided the largest tool of interruptible load and was a valuable tool for managing peak loads and maintaining reliability.

The Authority believes it would be appropriate for the PUC to create and fund through investment own-utility (IOU) rates an interruptible program that had a capacity payment either to an individual customer or an aggregator of customers in exchange for the right to interrupt load on a short notice at a specified number of hours per year.

Such a program has the potential to create a large pool of interruptible megawatts that can function as peaking resources and displace the need for peaker plants. These proposals have indicated that "negawatts" can be made available at or below the cost of a new peaker. The Power Authority has received in excess of 2000MW of proposals that would benefit from such an approach.

As an example, the following steps would create a framework where the proposals received by the Power Authority, and perhaps others, could be actualized to provide the low-cost peaking insurance that we need to ensure system performance through next summer:

- 1 Aggregator X collects 1000MW of curtailable load, such as satellite directed cycling for air conditioners, which can be interrupted at a single command in less than ten minutes (excludes back-up generation);
- 2 Aggregator X installs verification methods and meters to ensure performance of the load. The IOUs and the California Independent System Operator (ISO) would need to work together to do this portion, since often the IOU is the entity that reads the meters. It is important that sufficient metering and

telemetry be in place so that the ISO know for sure the quantity of load is available for dispatch and whether or not it responded *in real time*;

- 3 Aggregator X requires payments to create the program. These payments may be to amortize the costs of the equipment, meters, telemetry or provide the commercial establishments incentive for participation;
- 4 The commercial establishments agree to 40hrs/month or some other number of interruptions year round. No additional energy payment is provided when the interruption is called (Historically we thought of these types of tools as summer programs, but last winter's January blackouts have taught us otherwise);
- 5 Since there is no environmental impact to interruptible programs, the actual limit on number of hours available is purely financial;
- 6 Power Authority loans money to qualified party to finance installation of necessary equipment and incentive payments;
- 7 PUC approves capacity program to collect money from customers for repayment of the Power Authority loan;
- 8 Peaking capacity is available for the ISO or other entity to use to mitigate peak resource problems; and,
- 9 After the fact, meters are read and capacity payments are adjusted as specified in the agreement or the program parameters to coincide with the actual performance of the load.

We urge the PUC to take whatever action is necessary in this proceeding to create a program which can take advantage of the environmentally friendly, low-cost insurance being offered by load aggregators which may offset the need for additional peaking resources in the state at this time.

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail, to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling on CCPCFA Letter and Proposals on all Phase 2 parties of record in this proceeding or their attorneys of record.

Dated November 5, 2001, at San Francisco, California.

/s/ KE HUANG

Ke Huang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.